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ABSTRACT

This research note documents the Hispanization of the poor in Los Angeles (California). The single most dramatic change in income inequality in this city over the last few decades is the ethnic recomposition of the economically disadvantaged. The number of poor Latinos has grown so significantly since the late 1960s that this group now constitutes a majority of the poor in this region. The paper is organized into three parts. Part I, "Poverty in Los Angeles," summarizes the basic trends in poverty based on unpublished data. Part II, "Low-Income Workers and Poverty," indicates that Hispanic poverty is not primarily a problem of leaving the job market but one of inadequate income from work. Part III, "Some Underlying Factors," discusses the following five conditions that have contributed to the growth of the Hispanic poor: (1) the massive influx of immigrants who have few marketable skills; (2) inequalities in educational opportunity and underpreparation for the job market affecting American-born Hispanics; (3) discrimination in the labor market; (4) a decline in better-paying industrial jobs; and (5) greater job competition among Latinos due to the increasing supply of Hispanic labor. The paper includes a list of 16 references and 14 notes include statistical data and calculations. (AF)

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THE HISPANIZATION OF L.A.'S POOR

RESEARCH NOTE

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INTRODUCTION

One needs only to travel through East Los Angeles, along Pico Boulevard southwest of downtown, or even through the southern edge of Santa Monica to realize that the Latino population in metropolitan Los Angeles is not an affluent one.[1] Such a car-window survey of these and other neighborhoods provides a sense of the quality of life in the numerous communities and the vast disparities between them, but Los Angeles county is too sprawling and its population too huge for anyone to develop an accurate account of the poor through visual inspection. What is not readily apparent is the fact that this region has experienced what can be called the Hispanization of the poor. A more analytical approach is needed to understand fully the magnitude, trends, and nature of this process.

This process of Hispanization does not imply that other forms of income inequality are unimportant. Los Angeles has a black underclass, a feminization of poverty, and a growing medically-indigent population, just to mention a few. Nonetheless, the single most dramatic change over the last decade or two is the ethnic recomposition of the economically disadvantaged. As we will document later, the number of poor Latinos has grown so tremendously since the late sixties that this group now constitutes a majority of the poor in this region.

This research note documents the Hispanization of the poor, and is organized into three parts. Part one summarizes the basic

trends in poverty based on unpublished data. Part two examines the relationship between poverty and low-income workers. Part three discusses some of the underlying factors for the growing number of poor Latinos.

Two criteria are used to classify the poor. The first is the official poverty line, which is roughly three times the cost of food consumption. The poverty line is determined by the size of the household and is adjusted annually to reflect changes in the Consumer Price Index. In 1985, the poverty threshold for a family of four was $10,989. The poverty rate, the percentage of a population that falls below the poverty line, is the most widely utilized index to gauge the relative size of America's poor, and a rise or fall in this rate is interpreted as indicating an increase or decrease in inequality.

The second classification of the poor is low-income workers. We operationalize this concept by defining low-income workers as those who earn $10,000 (1985 dollars) or less per year. Earnings data are converted to constant 1985 dollars by using the national Consumer Price Index. The sample of workers includes those who had been out of school for at least three years and had more than $500 in income.[2] We include this group in our analysis because the development of a large class of working poor is central to Hispanic poverty in Los Angeles, as we will demonstrate later.

We use two data sources to trace the growth of the Hispanic poor. The first is the Public Use Microdata Samples for 1970 and

1980. These are one percent samples taken from the decennial census. We also use the Current Population Survey, a monthly survey conducted by the Bureau of the Census to gather labor-market information, to provide yearly data and to update the relevant statistics to the mid-eighties. The March survey, which is used for this study, contains data on poverty status and annual earnings.[3] Data on poverty and earnings refer to the year prior to the census or survey; e.g., the 1987 CPS contains income information for 1986. The year of the income is used when reporting tabulations.

Both data sources have limitations, including under counting of minorities and undocumented aliens.[4] The Current Population Survey has the additional problem of a small sample size.[5] For this reason, we rely on the average for at least two years, such as the poverty rate for 1985/86. Despite these limitations, the two sources are the most useful data sets available to study the poor in Los Angeles.

The statistics in this research note may differ from published figures because our statistics are based on a sample, therefore subject to sampling error, and because we use exclusive racial/ethnic categories. Unlike the published reports, which use the term "white" as a racial classification, we use the ethnic concept of Anglo, which is defined as a non-Hispanic white. Hispanics, or its equivalent term Latinos, include all Hispanics who are not black or Asian. The Hispanic population in Los Angeles is diverse, but those of Mexican decent constitute by

far the single largest subgroup, accounting for over three-quarters of all Latinos. When needed, regressions are used to test the statistical significance of secular and cyclical patterns, with the results reported in footnotes.

PART I: POVERTY IN LOS ANGELES

Like most American metropolitan areas, Los Angeles has experienced a significant growth in both the absolute and relative number of persons in poverty. The proportion of the population below the offical poverty line increased steadily, from about 11% in 1969 to nearly 15% in 1985/86. In absolute terms, the number of persons in poverty jumped from three-quarters of a million to one and a quarter million. Explanations commonly given for rising poverty in America include the breakdown of the nuclear family, economic dislocation caused by "deindustrialization," and the decline of governmental support for social services. These factors apply to Los Angeles, but there is a strong racial element here.

Latinos accounted for all of the net gain in the poverty population. While the number of non-Latinos in poverty remained fairly stable, the number of Latinos in poverty exploded by over a half million persons. (See Table 1.) With this growth, the Hispanic share of the poverty population grew from 22% in 1969 to 39% in 1979, and then to nearly 60% in 1985/86.

One obvious reason for the Hispanization of L.A.'s poverty population is the rapid growth of the Latino population, which has increased its share of the total population from about one-seventh in 1970 to over one-third in 1987. Immigration has been the main driving force behind the growth in population. The 1980 Census enumerated over a half million persons from Latin America

who entered the country during the seventies, a figure that unquestionably under counts the true size of the immigrant population.[6] While the demographic shift in the ethnic composition of the population is real, it is not the total explanation for the ethnic recomposition of the poverty population. The Hispanic share of the poor population grew far more rapidly than its share of the total population, indicating that much more is involved.

The incidence of poverty has been higher for Hispanic than Anglo (non-Hispanic whites), with the gap growing over time. The racial variation in the poverty rate, the percentage of the population below the poverty line, is shown in Table 1. The proportion of all Anglos in poverty was not only low, but fell over time. The rate among Blacks, on the other hand, remained extraordinarily high, over three times the Anglo rate. (The slight decline in the Black rate, particularly between the end of the seventies and the mid-eighties, may be due to sampling error since the number of Blacks in the Current Population Survey is small.) The most dramatic change occurred among the Latinos, whose poverty rate increased by over seven percentage points. By the mid-eighties, Hispanics had the highest poverty rate, over four times higher than the Anglo rate. One in four lived in a household with income below the poverty line.

Within the Hispanic population, poverty is not merely an immigrant problem. Granted, the greatest growth has been among immigrants. For example, between 1969 and 1979, the years for

which we can disaggregate by nativity, the number of Latino immigrants in poverty grew from 56 thousand to 206 thousand. At the same time, the number of American-born Latinos in poverty also grew, from 114 thousand to 180 thousand during the same time period. While the incidence of poverty among foreign-born Latinos was extremely high in 1979 (23.7%), the incidence of poverty among American-born Latinos was nonetheless still considerably higher than that for Anglos (16.2% and 7.4% respectively).

Of course, many American-born Latinos in poverty lived in households headed by an immigrant; consequently, the raw figures by nativity can be biased. However, an examination of the poverty status of the heads of household reveals a similar pattern in 1979: 7.8% for Anglos, 21.5% for Latino immigrants, and 14.1% for American-born immigrants. Intergenerational assimilation, to whatever degree it has occurred, did not translated into the lowering of poverty to level of Anglos.

PART II: LOW-INCOME WORKERS AND POVERTY

The second measure of the poor, the number of low-income workers, also shows a process of Hispanization. One way of understanding what the $10,000 income level means is to translate it into the hourly equivalence for a full time worker. A person who received five dollars per hour and worked forty hours a week for 52 weeks would earn slightly more than $10,000, an annual income not sufficient to lift a family of four above the poverty line. In real terms, five dollars per hour in 1985 is not much more than the minimum wage in the late sixties. For convenience, we will call these workers "low-income workers" and use the term "low-income rate" as a shorthand notation for the percent of the labor force that is comprised of low-income workers.

The low-income rate shows systematic and substantial variations in secular trends across ethnic and gender groups. This rate is analyzed separately for males and females because of a difference in behavior that underlies labor-market activity. Females are less attached to the labor market, and for some, their earns are supplements rather than the main source of household income. There is a growing number of single females who are the heads of household, but statistics presented here include both women who are secondary earners and those who are primary earners. On the other hand, most males are primary income earners. Given the difference in socially defined roles (albeit not static ones), statistics for men and women do not

have equivalent meaning, and should be examined separately.

Among males, the low-income rate for Anglos remained stable throughout the fourteen years between 1973 and 1976, while the rate for Latinos increased significantly.[7] Twenty-two percent (22%) of the Anglos were low-income workers during the seventies (1973-79), and 21% fell into this category during the eighties (1980-86).[8] The proportion of Latinos who were low-income workers was not only higher, but grew, from an average of 35% during the seventies to 43% in the eighties. The low-income rate climbed by about one percentage point a year. By 1985-86, over a quarter-million Hispanic males were low-income workers. They constituted nearly half of all Hispanic workers (46%) and a large majority (63%) of all male low-income workers.

There are also disparities between Anglo and Hispanic females, although the differences are smaller because sexism compresses the earnings of all women. While proportionately more Anglo females were low-income workers than their male counterparts during the seventies and early eighties, Anglo females experienced a substantial drop in the low-income rate. The percent of the Anglo females who made $10,000 or less declined from 36% during the seventies (1973-79) to 31% during the eighties (1980-86). The secular decrease averaged three-quarters of a percentage point per year.[9] Unfortunately, Hispanic females did not show any improvement. Over half (56%) were low-income workers throughout this whole period, and their share of all female low-income workers grew from 25% at the

beginning of the period (1973-76) to 43% by the end of the period (1985-86). In the latter years, over two hundred thousand Hispanic females earned $10,000 or less annually.

The Hispanization of low-income work holds even if we limit the analysis to full-time, full-year worker. In 1969, only one in five the low-income workers who worked full-time, full-year was Latino. By 1985/86, three in five were.

For many Latinos, being in poverty and earning a low income are intertwined, which is less true for Anglos. For 1985-86, a period of relatively low unemployment, 10 to 15 percent of all Hispanic workers did not earn enough to enable them to escape poverty. About an equal number lived in households where the total household income fell between the poverty line and 1.49 times the poverty line. In other words, over a quarter of all Hispanic workers can be classified as the working poor. An alternative way of viewing the problem is to determine how many of those in poverty worked. Among all adult Hispanic males who were in poverty, six out of ten were active in the labor market.[10] Hispanic poverty, then, is not primary a problem of leaving the job market, but it is a problem of inadequate income from work.

Because so many Hispanic workers live on the edge of poverty, changes in macroeconomic conditions have a large impact on the economic wellbeing of this population. In general, the poverty rate moves with the business cycle. While the unemployment rates for the nation and Los Angeles have moved

roughly in parallel[11], changes in the poverty rate have been more dramatic for Los Angeles.[12] The U.S. poverty rate increased by about a half a percentage point for a percentage point increase in the national unemployment rate, while the L.A. poverty rate increased by about one and a third percentage points for a percentage point increase in the local unemployment rate.

Latinos have absorbed a disproportionately larger share of the cyclical fluctuations in poverty. During the last recession, the Anglo poverty rate increased by 4 percentage points between 1977-78 and 1983-84 (from 5% to 9%), but the Hispanic rate jumped by 11 percentage points (from 19% to 30%). The recession simply pushed proportionately more Latinos below the poverty line.[13] For every one percentage point increase in the local unemployment rate, Hispanic poverty increased by over two percentage points, but Anglo poverty increased by less than a point. These results tell us that it is much more difficult for Latinos to find work and earn a decent income during hard economic times. But even during good economic times, many Latinos do not earn a decent income.

PART III: SOME UNDERLYING FACTORS

Five factors have contributed to the growth of the Hispanic poor, all related to the substantial number of Latinos being integrated into the economy at the bottom end the job hierarchy.

The first factor is the massive influx of immigrants who have very little marketable skills. A majority of the recent immigrants have low educational attainment -- eight out of ten did not graduate from high school. The typical immigrant also has limited English language skills, with about seven out of ten having little or no English speaking ability. The lack of marketable skills places these immigrants at the very bottom of the job ladder. Undocumented aliens, who comprise more than half of the recent immigrants, are even more disadvantaged. They are vulnerable to exploitation because they are in no position to seek protection from unfair labor practices.

The second factor is that American-born Hispanics are ill prepared for the job market because they are less educated, having on the average two fewer years of schooling than their Anglo counterparts. The educational gap reflects racial disparities in educational opportunities in Los Angeles. Throughout this century, Latinos have been segregated into schools that offer an inferior education and suffer a high dropout rate (Romo, 1984; Woo, 1988). Access to higher education has been equally dismal. For example, Chicano (American-born Mexican) enrollment at UCLA, which is the major university in the

region, has remained disproportionately low relative to their share of the total population. (Acuna, 1984, p. 142; Siporin, 1987).[14]

The third factor is discrimination in the labor market. One form of discrimination is paying a Latino less than an Anglo, even when both possess the same level of education and years of labor market experience. In a study that is based on earnings reported in the 1976 Survey of Income and Education and that controlled for education and years of experience, Reimers concludes that Mexicans earned six percent less than whites due to wage discrimination (1985). In a more recent study using microdata from the 1980 Census, Ong and Morales find that Chicanos in Los Angeles earned about 13% less due to wage discrimination (1988). They argue that labor-market discrimination takes two additional forms, unequal access to on-the-job training and fewer opportunities for promotion.

The fourth factor is a decline of better paying industrial jobs. With increasing international competition and the resulting disruptions, the country has been undergoing an economic restructuring that can be described as a bipolar employment growth at the two ends of the wage scale and a waning of the manufacturing industries that have supported a blue-collar middle-class (Harrison and Bluestone, 1987). Soja, Morales, and Wolff find a similar trend for Los Angeles, which has experienced large job losses due to plant closures and production cutbacks in smoke-stack type industries (1984). This "deindustrialization"

has taken a heavy toll on Hispanic workers. Many who had worked in high-paying industries such as auto have been displaced, and more than a few have been forced to accept lower paying jobs. Equally important is the fact that the collapse of this middle sector eliminates what was an avenue of upward mobility for less educated new workers. Many Latinos entering the labor market in recent times have been and will be trapped in low-wage jobs.

The fifth factor is greater job competition among Latinos due to the increasing supply of Hispanic labor. Findings from cross-sectional studies indicate that a growth in the supply of Hispanic labor in a metropolitan economy would generate few if any adverse impacts on non-Hispanic workers (Borjas 1987; Bean, Lowell, and Taylor, 1988). Two studies that examined the impacts of Mexican immigration in Los Angeles conclude that native workers have not been displaced, and that the adverse effect on wages has been concentrated among foreign-born and native-born Latinos (Muller and Espenshade, 1985; McCarthy and Valdez, 1986). Thus the pressure of an increasing supply of Hispanic workers has been confined to their own ethnic segment of the labor market, causing a downward pressure on wages for all Hispanic workers.

The combination of the above factors has been a driving force behind the increasing number of Hispanic working poor and Latinos in poverty. It is beyond the scope of this research note to determine the relative contribution of each factor. The literature cited above does offer some generalities. Immigration is, undoubtedly, the single most important factor given the

massive flows and the social background of the people. Nonetheless, immigration is not the only factor. The number of young American-born Hispanics entering the labor market is not insignificant. Over one hundred and eighty thousand Chicanos came of working age in the seventies, and the number in the eighties is even larger (Ong and Morales, 1988). The problem, however, is not just an influx of unskilled and lowly educated workers. The problem is also on the demand side. As mentioned above, job opportunities available to Latinos have been limited and will probably become even more limited in the future.

While the immediate effects of limited opportunities and institutionalized racism are obvious, the long term effects are not. One critical question that is not yet answerable is whether current conditions will create a permanent Hispanic lower class. Wilson has documented how similar factors, along with increased spatial segregation of poor blacks, have created what he calls a self-perpetuating underclass, which is economically and socially isolated from the mainstream of society (Wilson, 1987). While the number of Blacks in the underclass appears to be small, the outcomes are devastating. Will this occur among Latinos?

One could dismiss the underclass thesis as being irrelevant to Latinos by arguing that this population is merely undergoing an immigrant experience. Like Europeans during the late nineteenth century and early twentieth century, Hispanics in Los Angeles should experience intergenerational mobility. Thus, the poverty we observe today is transitory in a historical sense.

However plausible this optimistic argument may be, there are several omenous signs. One, based on an analysis of the socio-economic status of American-born Mexicans from 1950 to 1979, Chapa has concluded that intergenerational mobility has been at best problematic (Chapa, 1988). A study of the earnings gap between Anglos and American-born Hispanics in California provides supporting evidence, showing that there was essentially no economic progress during this period (Ong, 1989). Two, the set of opportunities that existed in earlier historical periods may not be as viable today given the polarization of jobs which is accompanying the restructuring of the American economy. And three, there are indications that the same dynamics that are indicative of a black underclass are beginning to materialize among American-born Latinos in Los Angeles: a persistently high drop-out rate from schools among youths, a growing number of female-headed households, and an increasing reliance on welfare. While these phenomena are not of the same magnitude as that in the Black community, they do portend greater problems in the future for a segment of the Latino population.

CONCLUSION

Los Angeles is becoming America's first modern Third-World metropolis as immigration from throughout Asia and Latin America and the growth of American-born minorities reshape the ethnic and racial makeup of the population and workforce. The Hispanization of the poor shows that the changes are not just demographic. The transformation into a "global" city entails a reproduction of social inequality, specifically the racial inequality that has always existed in this country and the North-South disparity that exists at the global scale. This development does not bode well for our society. During this period of growing economic inequality, the schisms are being defined along racial and ethnic lines.

It is debatable whether the recent trend in income distribution is merely a transitional phenomenon that will reverse itself after America adjusts to being an open economy. One thing is clear: the future course will not be governed solely by macroeconomic adjustments for the racial nature of the new inequality creates an additional complication. It is possible for the country to regain the robust economic growth that it enjoyed in the fifties and sixties, but at the same time experience persistent inequality. Certainly, the overlap between race and income class weakens the self-interest of the dominant Anglo group to pursue measures to promote equality.

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Table 1. Poverty Statistics for Los Angeles

	1969	1979	1985/86
Persons below Poverty Line (x 1,000)			
Total	758	983	1,261
Anglo	381	287	253
Black	181	215	170
Latino	170	387	754
Other	26	94	83
Poverty Rate			
Total	11.0%	13.4%	14.8%
Anglo	7.8%	7.5%	6.5%
Black	24.2%	23.2%	19.8%
Latino	16.6%	19.2%	25.3%
Other	11.2%	14.6%	10.9%

NOTES

1. The metropolitan area is coterminous with the county of Los Angeles and the Los Angeles Standard Metropolitan Area.

2. The number of years out of school is estimated as age of the respondent minus the years of education and minus six (AGE-SCHOOLING-6). The earned income reported in the CPS includes self-employment income, which is more likely to affect Anglos than Hispanics.

3. The data utilized in this research note were made available in part by the Inter-university Consortium for Political and Social research. Data for the period from 1974 to 1985 were taken from the uniform series of March Current Population Survey files, which was created under the direction of Robert D. Mare (University of Wisconsin) and Christopher Winship (Northwestern University) with financial support from the National Science Foundation through grant SOC-7912648 ("Social and Demographic Sources of Change in the Youth Labor Force"). The data for CURRENT POPULATION SURVEY: ANNUAL DEMOGRAPHIC FILE, 1986 and 1987 were originally collected by the U.A. Department of Commerce, Bureau of the Census. Neither the collectors of the original data nor the Consortium bears any responsibility for the analyses or interpretations presented here.

4. Adequate coverage of minority groups is difficult. The problem is greater for undocumented Hispanics, who have legal reasons to avoid being surveyed. This can be compensated by assigning different weights to Hispanic respondents, thus producing a more accurate estimate of the distribution of the larger population. But any weighting scheme is problematic since estimating the size of the undocumented population and identifying undocumented respondents in the survey are also problematic. In this study, we rely solely on the weights provided by the Census.

5. The sample for Los Angeles County is over two thousand households, and the Hispanic population is over sampled beginning in 1976. The number of persons in the sample averages over five thousand per year. The Hispanic sample varies from less than a thousand in the mid-seventies to over two and a half thousand in the later years of this study. Subsamples by ethnicity and gender are about one fifth of the total sample. Most of the statistics reported here are aggregated into periods of two or more years to minimize sampling error. The 95% confidence interval varies with year and subgroup. When statistics are reported for the total population, there is an error of about 1% in both directions. Statistics for the Anglos or Hispanic population have an error of about plus or minus 2%. When the statistics are reported by wage category for each group for a two

year period, the error is about plus or minus 3%.

6. This figure and the others in this paragraph are taken from Bureau of the Census, Tables 195 and 198, 1983.

7. The low-income rate is model as a function of the local unemployment rate (LAUR) and time (TIME). The results for Anglo males are:

$$\underset{}{\text{ALOW}} = \underset{(9.97)}{20.71} + \underset{(1.05)}{.275}*\text{LAUR} - \underset{(2.25)}{.184}*\text{TIME}$$

adj-R-sq=.241 D.W.=3.01 F-ratio=3.07 n=14.

ALOW is the percent of the Anglo male labor force that is comprised of low-income workers. Only the trend variable, TIME, is significant at the .10 level. The results for Hispanic low-income workers are:

$$\underset{}{\text{HLOW}} = \underset{(11.67)}{34.39} - \underset{(1.14)}{.416}*\text{LAUR} + \underset{(9.03)}{1.032}*\text{TIME}$$

adj-R-sq=.861 D.W.=2.38 F-ratio=41.40 n=14.

The coefficient for LAUR is statistically insignificant, but the coefficient for TIME is highly significant.

8. Interestingly, the percent earning $40,000 or more increased, from about 13% to about 15%.

9. The low-income rate for females is modeled as a function of time and the economic status of their male counterparts. The latter factor is included because in the short run married women tend to enter the labor market when their spouses suffer an economic loss. The measure of economic status of male is the detrended low-income rate for males. The regression results for Anglo females are:

$$\text{ALOW(female)} = \underset{(2.36)}{13.62} + \underset{(4.47)}{1.126}*\text{ALOW(male)} - \underset{(10.44)}{.751}*\text{TIME}$$

adj-R-sq=.907 D.W.=2.25 F-ratio=64.43 n=14 .

The variables are as defined earlier. The results for Hispanic females are:

$$\text{HLOW(female)} = \underset{(1.20)}{11.87} + \underset{(4.49)}{.408}*\text{HLOW(male)} - \underset{(0.13)}{.004}*\text{TIME}$$

adj-R-sq=.582 D.W.=2.36 F-ratio=10.06 n=14 .

There is essentially no secular trend for Hispanic females.

10. This is for the population between the ages of 24 and 64, living in a poverty household, and had been out of school for over two years. Being active in the labor market is defined as having earned an annual income of more than $500.

11. This is not surprising since the business cycle for Los Angeles closely followed that for the United States. The unemployment rates peaked in 1975 (8.5% nationally and 9.7% in Los Angeles) when the economy was in a serious recession. The U.S. rate was higher in 1982 when this country suffered its worst downturn since the Great Depression, reaching 9.6%. The rate for Los Angeles reached a high of 9.7% in 1983.

12. Regressions using time-series data are used to separate the cyclical and secular components. The results for the U.S. poverty rate as a function of the unemployment rate are:

$$\underset{}{\text{USPOV}} = \underset{(6.90)}{6.949} + \underset{(5.91)}{.506}*\text{USUR} + \underset{(3.53)}{.258}*\text{TIME} + \underset{(3.94)}{.648}*\text{RHO}$$

adj-R-sq=.943 D.W.=0.84 F-ratio=73.09 n=14.

The regression is estimated using yearly data for the period from 1972 to 1986, and includes an autoregressive term, RHO. USPOV is the poverty rate for the United States, USUR is the civilian unemployment rate, and TIME is a linear trend variable. When a detrended unemployment rate is used, the results are:

$$\underset{}{\text{USPOV}} = \underset{(4.55)}{5.793} + \underset{(4.77)}{.506}*\text{USUR} + \underset{(4.74)}{.340}*\text{TIME} + \underset{(2.43)}{.648}*\text{RHO}$$

adj-R-sq=.943 D.W.=0.84 F-ratio=73.09 n=14.

The results for the regression for Los Angeles are:

$$\underset{}{\text{LAPOV}} = \underset{(0.10)}{.254} + \underset{(4.28)}{1.37}*\text{LAUR} + \underset{(4.50)}{.453}*\text{TIME}$$

adj-R-sq=.739 D.W.=1.52 F-ratio=19.36 n=14

LAPOV is the poverty rate in Los Angeles, LAUR is the unemployment rate for Los Angeles, and TIME is the linear trend variable. The results of the above regressions indicate that the poverty rate in Los Angeles is two to three times more sensitive to changes in economic conditions than the poverty rate for the U.S.

13. The difference between Latinos and Anglos is evident in the following regressions. The results for Anglo poverty as a function of the unemployment rate are:

$$\underset{}{\text{APOV}} = \underset{(0.56)}{1.38} + \underset{(2.40)}{.739}*\text{LAUR} + \underset{(1.76)}{2.65}*\text{D79}$$

adj-R-sq=.247 D.W.=1.37 F-ratio=3.14 n=14.

The regression is estimated using yearly data for the period from 1973 to 1986, and includes a dummy variable for the year 1979, which appears to be an anomaly. APOV is the poverty rate for Anglos in Los Angeles. Another regression show that the trend variable is not statistically significant, even at the .10 level. Overall, Anglo poverty is not highly correlated with local economic conditions. The results for Hispanic poverty, on the other hand, show a strong relationship with local economic conditions and a secular increase:

HPOV = -1.46 + 2.39*LAUR + .828*TIME
(0.32) (4.26) (4.71)

adj-R-sq=.748 D.W.=1.21 F-ratio=20.26 n=14.

The differences between the cyclical coefficients and the secular coefficients for the two regressions are statistically significant.

14 UCLA does receive a proportionate share of the Latinos who are eligible for admission, but few Latinos are eligible because of unequal access to quality education at the primary and secondary levels.